

January 16, 1976

handcuff that the lender cannot protect himself on a low equity loan, you are literally letting the lenders tell you, sorry, we won't make any more, and you are just dealing a horrible blow to the housing industry in the state of Nebraska, if you adopt Senator Murphy's amendment. Senator Murphy, for example, said the federal savings and loans will pay the interest, if we require it. That is not quite true. These federal savings and loans will not pay the interest. They are not about to pay the interest. The borrowers have to pay the interest, and when the borrowers have to pay the interest that the federal savings and loans has to pass on, we wind up automatically raising the net interest rate that they have to charge on loans that they make. So what you are doing, you are just adding some where close to a quarter or a half a percent to the rate of home mortgages. I am also a little disturbed by the fact that Senator Murphy holds this back until the last minute and he hasn't even distributed the part of this amendment to the body so that we can read it. I would suggest to Senator Murphy that he hold this amendment, if he wants to, until Select File when we all get a chance to analyze it and find out, apply it to the loan and find out what net affect of this amendment is. I think by going over to Senator Murphy's desk and getting a chance to read it I have it pretty well analyzed but I, frankly, would not want to adopt any amendment that calls for what Senator Murphy's amendment does, in the first place, but at least not until we have a chance to analyze it and apply it to the bill and find out for sure just what it does. For that reason, I strongly urge you not to adopt the Murphy amendment. Thank you.

PRESIDENT: Senator DeCamp.

SENATOR DeCAMP: Mr. President, members of the Legislature, Senator Barnett said that the bill was a compromise, his amendment, and I would agree. I am just wondering who got compromised. With Senator Murphy's amendment, it does accomplish something, something significant. Without it, it really doesn't change things at all. So let me try to briefly explain how this works. Senator Goodrich is telling you that somehow if we have to be honest in this whole thing, it is going to make housing loans unavailable, it is going to make MGIC loans unavailable. It is going to make all kinds of terrible things happen. Why would this be? Implied in there is somehow there is a lot of profit being made or a lot of money being made now with the system the way it is and making them play honest is going to make business impossible. Well, that is simply not true, simply not true. In other states, they have savings and loan institutions and they pay the interest and the system works pretty fine. Availability of money is what caused the last crunch, not whether they had to be honest. Right now the S & L's have as much money pouring into them as they have ever had. Now I am sure the reason Senator Goodrich wants to get this bill moved without this amendment and "wait until Select File to put the amendment on" is because in that period of time the power and strength of these largest financial institutions